

## Message Text

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ACTION EB-11

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R 080920Z AUG 73  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 5897

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E.O. 11652: N/A  
TAGS: BEXP  
SUBJECT: COOPERATION ON COMMERCIAL PROGRAM

DEPT PASS COMMERCE

REF: STATE 141993

SUMMARY: EMBASSY PROVIDING OVERVIEW OF TOKYO EXPERIENCE FOR POSSIBLE USE AT AUGUST 13 DENT-CASEY MEETING. MESSAGE OUTLINES WHERE EMBASSY TOKYO NOW STANDS WITH REGARD TO INTEGRATION OF ECONOMIC-COMMERCIAL ACTIVITIES AND FURTHER STEPS NOW UNDER CONSIDERATION. END SUMMARY.

1. EMBASSY WELCOMES ESTABLISHMENT OF MECHANISM TO PROVIDE HIGH LEVEL COORDINATION OF USG COMMERCIAL PROGRAM. REFTEL REPORT THAT FIRST ORDER OF BUSINESS AT AUGUST 13 DENT-CASEY MEETING WILL BE IMPLEMENTATION OF OMB RECOMMENDATIONS ON OVERSEAS ECONOMIC/COMMERCIAL REPRESENTATION AND INVITATION FOR COMMENTS IN STATE A-4136 ENCLOSING PART OF OMB STUDY LEADS US TO BELIEVE IT MIGHT BE USEFUL FOR US TO SHARE OUR EXPERIENCES AND VIEWS WITH WASHINGTON ON THE WAY IN WHICH WE HAVE SOUGHT TO MAKE MOST EFFICIENT USE OF MISSION RESOURCES IN SUPPORT OF COMMERCIAL PROGRAM.

2. TOKYO IS AT ONE END OF SPECTRUM, AS FAR AS SIZE AND COMPLEXITY OF OPERATION, BEING UNUSUALLY LARGE  
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MISSION WITH VARIED RESPONSIBILITIES AND BROAD

REPRESENTATION BY WASHINGTON AGENCIES. SECTIONS OR UNITS OF EMBASSY DIRECTLY INVOLVED IN US COMMERCIAL PROGRAM ARE COMMERCIAL SECTION, ECONOMIC SECTION, AGRICULTURAL ATTACHE'S OFFICE AND FINANCIAL ATTACHE'S OFFICE; SEVERAL OTHERS INVOLVED TO LESSER DEGREE, E.G. MARITIME ATTACHE'S OFFICE AND US TRAVEL SERVICE. ALL OF THESE SECTIONS OR UNITS ARE UNDER SUPERVISION OF AND RECEIVE GUIDANCE FROM MINISTER-COUNSELOR FOR ECONOMIC AND COMMERCIAL AFFAIRS.

3. ECONCOM/MINISTER'S ABILITY TO OBTAIN MAXIMUM COORDINATION AMONG THESE MANY UNITS IS AFFECTED BY PHYSICAL SEPARATION: OFFICES OF ECONCOM/MINISTER, ECONOMIC SECTION AND FINANCIAL ATTACHE ARE LOCATED IN CHANCERY; COMMERCIAL SECTION, INCLUDING TRADE CENTER, IS IN TRADE CENTER BUILDING FIVE MINUTES FROM EMBASSY; AND AGRICULTURAL ATTACHE'S OFFICE IS LOCATED IN EMBASSY ANNEX, WHICH IS FIVE MINUTES FROM EMBASSY IN OTHER DIRECTION.

4. WITH THIS SITUATION AS BACKGROUND, EMBASSY HAS MOVED TOWARD SUBSTANTIAL DEGREE OF INTEGRATION OF FUNCTION TO VERY CONSIDERABLE EXTENT THESE MOVES PREDATE OMB STUDY; NONETHELESS, AS INDICATED BELOW (PARA 10), EMBASSY CONTINUES TO SEEK IMPROVEMENTS IN ITS METHOD OF HANDLING COMMERCIAL PROGRAMS.

5. FIRST STEP IN CLOSE COORDINATION IS CARRIED OUT THROUGH STAFF MEETINGS. ECONCOM/MINISTER HOLDS DAILY MEETING WITH ECONOMIC COUNSELOR, COMMERCIAL COUNSELOR, AGRICULTURAL ATTACHE AND FINANCIAL ATTACHE: AMBASSADOR MEETS WITH SAME GROUP PLUS DCM, PAO AND POLITICAL COUNSELOR ONCE A WEEK; AND ECONCOM/MINISTER HOLDS WEEKLY STAFF MEETING WITH ALL OFFICERS IN ECONOMIC AND COMMERCIAL SECTIONS PLUS REPRESENTATIVES OF ALL OTHER SECTIONS REPORTING TO HIM.

6. PERHAPS KEY ELEMENT IN INTEGRATION IS DIVISION OF FUNCTION AND COORDINATION BETWEEN ECONOMIC AND COMMERCIAL SECTIONS. OMB STUDY REFERS TO QTE LIMITED OFFICIAL USE

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TRADITIONAL UNQTE DISTINCTION BETWEEN POLICY MATTERS (ECONOMIC SECTION) AND TRADE PROMOTION (COMMERCIAL SECTION), WITH FORMER HANDLING GOVERNMENT-TO-GOVERNMENT CONTACTS AND THE LATTER DEALINGS WITH BUSINESSMEN. SUCH DISTINCTION HAS BEEN ELIMINATED IN TOKYO. DISTINCTIONS IN TOKYO BETWEEN TWO SECTIONS ARE LARGELY BASED ON FUNCTION RATHER THAN ON QTE POLICY-PROMOTION UNQTE. HENCE, OFFICERS IN COMMERCIAL SECTION HANDLE FULL RANGE OF ACTIVITIES

RELATING THO THEIR AREA OF RESPONSIBILITY. FOR EXAMPLE, OFFICER RESPONSIBLE FOR METALS AND MINERALS HANDLES NOT ONLY MATTERS RAISED BY US BUSINESSMEN WISHING TO INVEST OR SELL IN JAPAN BUT ALSO POLICY ISSUES RAISED BY US EXPORT CONTROLS. IN LATTER CONNECTION HE HAS NOT ONLY DISCUSSED ISSUES WITH TRADE ASSOCIATION BUT ALSO MADE REPRESENTATIONS AT MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY. SIMILARLY, COMMERCIAL SECTION HAS HANDLED ALL ASPECTS OF PROBLEM OF US INVESTOR SEEKING GOJ APPROVAL OF INVESTMENT UNDER TERMS OF BILATERAL AGREEMENT. INCLUDING REPRESENTATIONS AT MINISTRIES OF FTREIGN AFFAIRS AND HEALTH AND WELFARE. BY THE SAME TOKEN, OFFICER IN ECONOMIC SECTION RESPONSIBLE FOR BILATERAL TRADE HAS UNDERTAKEN INVESTIGATION ON JAPANES FIRMS' INVESTMENT PLANS ON BEHALF OF US FIRM FACING PRESSURE IN US MARKET AND HAS WRITTEN INDUSTRY REPORTS IN CONNECTION WITH US TARIFF COMMISSION ACTIVITIES, WHILE OFFICER RESPONSIBLE FOR AID MATTERS HAS PUBLICIZED TRADE OPPORTUNITIES ARISING FROM FINANCING BY INTERNATIONAL FINANCIAL INSTITUTIONS TO LOCAL US BUSINESS COMMUNITY.

7. THIS COORDINATION OF ACTIVITIES BETWEEN ECONOMIC AND COMMERCIAL SECTIONS ALSO EXTENDS TO OFFICES OF AGRICULTURAL ATTACHE AND FINANCIAL ATTACHE, WHICH ARE FULLY BROUGHT INTO OPERATIONS OF EMBASSY'S ECONOMIC AND COMMERCIAL ACTIVITIES. TWO RECENT EXAMPLES OF THEIR INVOLVEMENT ARE COORDINATED APPROACH BY COMMERCIAL COUNSELOR AND FINANCIAL ATTACHE ON EFFORTS TO INCREASE SALES OF US CIGARETTES BY JAPAN MONOPOLY CORPORATION AND CONTINUING COOPERATION ON TRADE PROMOTION ACTIVITIES BETWEEN COMMERCIAL SECTION AND OFFICE OF AGRICULTURAL ATTACHE. FURTHER EXAMPLE OF INTEGRATION OF FUNCTIONS LIMITED OFFICIAL USE

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HAS BEEN INVOLVEMENT OF MARITIME ATTACHE, APART FROM HIS MORE TECHNICAL DUTIES ON BEHALF OF MARITIME ADMINISTRATION, IN QUESTIONS INVOLVING LOCAL LNG SHIP DEVELOPMENT AND US SALES POTENTIAL. FISHERIES ATTACHE HAS ALSO PROVIDED CONSIDERABLE ASSISTANCE TO US EXPORTERS IN FISHING INDUSTRY.

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NSAE-00 RSC-01 USIA-15 OMB-01 NSC-10 RSR-01 /076 W

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R 080920Z AUG 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5898

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C O R R E C T E D C O P Y (MRN 10128 VICE 19128)

8. WHILE THERE HAS BEEN CONSIDERABLE DEGREE OF ECONOMIC-COMMERCIAL INTEGRATION OF FUNCTION AT EMBASSY, SOME IMPORTANT LIMITATIONS SHOULD BE NOTED. AS MENTIONED ABOVE, THERE IS PROBLEM OF PHYSICAL SEPARATION. MOST JAPANESE AND AMERICAN BUSINESSMEN MAKE THEIR FIRST STOP AT COMMERCIAL SECTION IN TRADE CENTER BUILDING RATHER THAN AT CHANCERY. WHEN NEW CHANCERY BUILDING IS COMPLETED (SCHEDULED FOR 1975), ALL SECTIONS OF EMBASSY WILL BE LOCATED IN SAME BUILDING. DURING INTERIM, WHEN CHANCERY OFFICES WILL BE MOVED INTO TEMPORARY QUARTERS, IT IS HOPED THAT IT WILL BE POSSIBLE TO MOVE BOTH COMMERCIAL AND ECONOMIC SECTIONS TO THAT BUILDING. THAT WOULD, OF COURSE, ENHANCE POSSIBILITIES OF FURTHER INTEGRATION.

9. GOING BEYOND PHYSICAL SEPARATION, HOWEVER, WE SEE SOME PROBLEMS TO GREATER INTEGRATION. AMALGAMATION OF ECONOMIC AND COMMERCIAL SECTIONS INTO ONE COMBINED SECTION WOULD RESULT IN VERY LARGE SECTION (11 OFFICERS EXCLUDING TRADE CENTER STAFF), WHICH MIGHT REQUIRE FURTHER LAYERING TO MAKE SUPERVISION EFFECTIVE. APART FROM THIS PROBLEM, THERE ARE SOME FUNCTIONS WHICH DO NOT LEND THEMSELVES TO QTE VERTICAL INTEGRATION UNQTE I.E. HANDLING COMMODITY OR PRODUCT AREA IN ALL ITS ASPECTS FROM EXPORT PROMOTION, INVESTMENT AND LOCAL REPORTING TO POLICY QUESTIONS.

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EXAMPLE IS POSITION IN ECONOMIC SECTION, WHERE ONE INCUMBENT WORKS FULL-TIME ON JAPANESE ECONOMIC ACTIVITIES IN THIRD COUNTRIES, INCLUDING AID.

10. DESPITE THESE LIMITATIONS EMBASSY IS CONSIDERING FEASIBILITY AND ADVANTAGES OF FURTHER INTEGRATION OF FUNCTION BETWEEN ECONOMIC AND COMMERCIAL SECTIONS. FOUR AREAS NOW UNDER CONSIDERATION:

(A) COMBINATION UNDER ONE OFFICER OF ALL TRANSPORTATION AFFAIRS, INCLUDING AVIATION AND SHIPPING MATTERS, TRANSPORTATION RESEARCH INCLUDING AUTOMOTIVE, EXPORT PROMOTION OF TRANSPORTATION ITEMS AND RELATED REPORTING.

(B) INCLUSION UNDER ONE OFFICER OF ALL RESPONSIBILITIES FOR ENERGY MATTERS, INCLUDING JAPAN'S ENERGY POLICIES, BILATERAL AND MULTILATERAL ENERGY ISSUES, CERP REPORTING, AND COMMERCIAL SERVICES RELATED TO POWER STATIONS, GENERATORS, PARTS AND OTHER ITEMS.

(C) RESPONSIBILITIES FOR INVESTMENT BOTH US IN JAPAN AND JAPANESE INVESTMENT IN US, INCLUDING JAPAN'S NEW CAPITAL LIBERALIZATION PROGRAM, AND THE SERVICES RELATED TO THIS AREA COULD BE COMBINED UNDER ONE OFFICER.

(D) REPORTING AND REPRESENTATION RESPONSIBILITIES ON GOJ GOVERNMENT PROCUREMENT POLICY, INCLUDING INITIALLY ASSISTING U.S. FIRMS TO REGISTER WITH APPROPRIATE GOJ MINISTRY, REPORTING ON LAWS AND PROCEDURES FOR SALE TO GOJ AND PUBLICATION OF ITEMS BEING SOUGHT BY VARIOUS MINISTRIES, COULD BE COMBINED UNDER ONE OFFICER.

11. IN CARRYING OUT ITS COMMERCIAL PROGRAM EMBASSY HAS ENCOUNTERED TWO PROBLEMS, WHICH IT BELIEVES ARE WORTHY OF NOTE AND WHICH HAVE BEEN COMMENTED ON IN RECENT INSPECTION REPORT:

(A) POLICY OF SHORT TOURS (USUALLY TWO YEARS) IN TRADE CENTER, WHICH HAS IMPEDED MOST EFFICIENT USE OF PERSONNEL. ONCE OFFICERS HAVE REACHED PEAK IN PERFORMANCE, THEY HAVE BEEN TRANSFERRED, AND LEARNING PROCESS HAD TO LIMITED OFFICIAL USE

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BEGIN AGAIN FOR NEW OFFICER. RELATED TO THIS HAS BEEN FREQUENT GAP BETWEEN OFFICER ASSIGNMENTS, WITH RESULTANT WORKLOAD BURDEN ON REMAINING OFFICERS.

(B) INSUFFICIENT ATTENTION HAS BEEN PAID TO ASSIGNMENT OF LANGUAGE OFFICERS TO ECONOMIC/COMMERCIAL POSITIONS. THEIR EXPOSURE TO BOTH LOCAL COMMUNITY AND GOVERNMENT IS PROBABLY EQUAL, IF NOT GREATER IN A SUBSTANTIVE SENSE, TO THAT OF ANY OTHER SECTION OF THE EMBASSY. THIS PARTICULARLY IMPORTANT IN JAPAN, WHERE ENGLISH LANGUAGE

ABILITY STRICTLY LIMITED.  
SHOESMITH

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